

**House Government Reform Subcommittee on Federalism and the Census
Oversight Hearing**

**“The Challenge of Brownfields: What are the Problems and Solutions in
Redeveloping Pennsylvania’s Lehigh Valley Communities?”**

Testimony

Lehigh Valley Economic Development Corporation

R. F. Suhocki – President & CEO

In the mid-1990s, government, business, and community leaders in Lehigh and Northampton Counties began examining ways to promote economic development in the region through the redevelopment of abandoned and underutilized industrial sites. Through the efforts of the Lehigh Valley Planning Commission, the first brownfields site inventory for the Lehigh Valley was created in 1997. This inventory located 250 such sites throughout the region and identified over 70 sites for inclusion in a “Potential Redevelopment Site” inventory.

With an inventory of sites in place, a committee called the *Lehigh Valley Brownfields Strategy Task Force* was convened to oversee the inventory and promote the redevelopment of these properties. The eventual outgrowth of the Task Force was a strategic partnership of economic development professionals, environmental professionals, and community organizations known as the *Lehigh Valley Land Recycling Initiative* (LVLRI). In 2000, LVLRI was given full time staff commitment as a department within the *Lehigh Valley Economic Development Corporation* (LVEDC).

The mission of LVLRI is to promote the revitalization of brownfields sites throughout Lehigh and Northampton Counties in order to protect human health and the environment, create jobs, leverage private investment, increase local tax base, and preserve greenspace. LVLRI works to accomplish this mission by:

- Maintaining a detailed inventory of brownfields sites in the region;
- Providing assistance with the preparation of grant applications, workplans, and agreements;
- Maintaining a database of technical resources available to facilitate redevelopment activities, i.e., environmental consultants, developers, commercial lenders, and legal services;
- Providing access to state and federal financing programs for environmental assessment and remediation work at brownfields sites.

Since 1998, LVLRI has been the administrator of Northampton County’s EPA Brownfields Assessment Demonstration Pilot program, as well as LVEDC’s EPA Assessment Grant awarded in 2003. Most recently, LVEDC was the recipient of two additional community-wide Brownfield Assessment grants as well. Since 2000, LVLRI has also been administering both Lehigh and Northampton Counties’ EPA Brownfields Cleanup Revolving Loan Fund programs (RLFs).

With the recent inclusion of quasi-governmental entities as eligible applicants for EPA Assessment grants, Lehigh and Northampton Counties have been able to even further regionalize their brownfields revitalization efforts by partnering with LVEDC as they serve as the applicant for additional assessment grant funding.

In addition to the successful administration of federal brownfields funding program LVLRI has also assisted with the application and implementation of numerous state brownfields funding programs.

As the brownfields revitalization efforts in the Lehigh Valley evolve and expand, LVLRI is pleased to embrace new partnerships, not only at the County level, but also with our three major metropolitan areas. The Cities of Allentown, Bethlehem and Easton are proactively looking at the acquisition and cleanup of many of their historically blighted properties, utilizing LVLRI for the planning activities and program management in this effort. In this cooperative model, LVEDC's Assessment grant will work in partnership with metropolitan areas and smaller municipalities in the Lehigh Valley.

In addition, the City of Easton is proposing a strategic redevelopment project along the Bushkill Creek Corridor. LVEDC recognizes the regional impact of this project for the Easton Area and surrounding communities, and is excited about the significant opportunity this offers in terms of revitalization and adaptive reuse of some of the older buildings, and the cleanup of blighted and old manufacturing / industrialized areas.

By continuing the already-successful collaborative efforts of Lehigh and Northampton County and by extending new partnerships which are able to leverage on the experience of past successful efforts, we believe that the coordinated brownfields redevelopment effort in the region will continue to create jobs, leverage private investment, and increase local tax base all while protecting the environment, preserving greenspace, and encouraging smart growth.

LVEDC strongly believes that for any brownfields redevelopment program to be successful, it must be responsive to the needs of the community it serves. In order to achieve this level of responsiveness, virtually all of LVEDC's brownfields redevelopment efforts are based in community partnerships. The LVLRI Advisory Committee, which provides the vision and strategic planning for LVEDC's brownfields efforts, is made up of representatives from municipal governments, private for-profit businesses, economic development professionals, community-based non-profits, and environmental advocacy groups. This structure assures significant community involvement in all of LVEDC's decision-making processes relating to brownfields.

The success of LVLRI as a project is based in its ability to facilitate the successful redevelopment and reuse of brownfields sites. To achieve this goal, funding is often necessary for various elements of projects including environmental assessment, cleanup, demolition, site acquisition, infrastructure, and construction. LVEDC's experience in

leveraging financing from state, Federal, and private sources to fill these funding gaps has been a tremendous asset in maintaining the overall success of LVLRI. The funding programs include:

State Programs

LVEDC has aided many site owners in acquiring assessment and cleanup financing through Pennsylvania's Voluntary Cleanup Program. Since 1998, LVEDC, through their land recycling efforts, has leveraged over \$5 million from state funding sources to complete assessment and remediation activities. The funds have been predominantly from the state's Industrial Sites Reuse Program (ISRP) administered by the Pennsylvania Department of Community and Economic Development (DCED). However, in recent years this program has been cut and the level of funding available significantly reduced.

Just as private financiers are often unwilling to commit funding to projects until environmental concerns have addressed, many state financing programs require the completion of environmental assessment work prior to their participation in the project. LVEDC has worked on several projects in which the completion of assessment work through LVLRI aided in leveraging other development financing at a later date.

Federal Programs

LVEDC has been successful leveraging funding through the EPA Brownfields Assessment Grant and Revolving Loan Fund programs since the inception of LVLRI. It has successfully managed two \$200,000 assessment grants for Northampton County and with its recent award, an additional \$600,000 worth of assessment grant funding is being directly managed by LVLRI under the auspices of LVEDC. LVLRI also manages \$1 million in remediation financing available through Lehigh and Northampton Counties' Brownfields Cleanup Revolving Loan Funds. In addition to direct project financing, LVEDC has also assisted property owners in taking advantage of the Federal Brownfields Tax Incentive, which allowed eligible parties to deduct assessment and cleanup costs from their federal income taxes in the year in which they are incurred. With the recent amendments to Superfund the use of these funds has become more flexible better facilitating the needs of the communities and developers using the funding. However, further streamlines of the procedures and administrative requirements is needed to ensure timeliness of funding availability and less liability on the part of the end users.

LVEDC also has a great deal of experience bringing development dollars to projects through other state and federal business financing programs. Since 2000, LVEDC has leveraged over \$98,000,000 in public financing for projects in the region. This funding has in turn leveraged over \$400,000,000 in private investment and created and/or retained over 7,000 jobs. LVEDC also has many private for-profit and non-profit partners who provide funds for the facilitation of development projects. These include the Wildlands Conservancy and HDR Engineering's contribution of in-kind services specifically to the development and oversight of LVLRI. Additionally assistance from organizations like

PPL Electric Utilities and First Energy Corporation to establish loan programs for community revitalization projects. Funding and assistance through these public and private sources fill funding and technical support gaps and assure the success of LVEDC's brownfields redevelopment efforts through LVLRI.

The majority of the brownfield sites within the Lehigh Valley are located within the urban boundaries of three major metropolitan areas, or smaller rural municipalities of lower income, so therefore the proposed federal tax credit legislation should provide incentives to support LVEDC's continued effort in the redevelopment of brownfield sites in the region.

Impediments that continue to impede brownfields redevelopment projects include:

- Community perception of health risks associated with environmental impacts that remain in place as part of brownfields redevelopment projects. Although the use of engineering and institutional controls are widely accepted as safe permanent alternatives to removing historical industrial impacts, which is too costly for most redevelopment projects, the public continues to fear the presence of residual contamination. Additional educational efforts are needed to help the general public understand the use of these new strategies and their long term impact on the community.
- Multi-layered regulatory programs that often times require numerous approvals from multiple agencies and departments within agencies. This results in the increased of project costs and time to ensure appropriate approval is obtained from all parties involved. Recently, in the state of Pennsylvania, the Department of Environmental Protection under the leadership of Secretary Kathleen McGinty announced a new program to facilitate the review and approval process on brownfields redevelopment projects. That program, the Brownfields Action Team (BAT) program, created a single-point-of-contact approach to the review and approval process across the agency. All permits, plans, reports and submittals required to demonstrate compliance under state environmental laws go through one point of contact. That contact is responsible for facilitating the review and approval process that ultimately reduces the cost and time to complete projects. This effort needs to be extended to the federal agencies through the recently announced Memorandum of Agreement (MOA) between Pennsylvania and EPA such that one point of contact can be assigned to brownfields projects that involve both state and federal approvals. Through the MOA a "one-stop-shop" can be established where both agencies agree to one lead agency and one point of contact that is responsible for facilitating all review and approvals required to comply with both state and federal environmental laws.
- Funding for due diligence and site assessment activities needs to be increased. With the reduction in funding available from state environmental cleanup programs (ISRP) a critical gap is developing. Although, EPA Brownfields

assessment grants are available for these activities, the time and administration requirements make these dollars hard to use on small and time sensitive projects. With the introduction of new regulations governing All Appropriate Inquiry (AAI) and due diligence that is required to protect innocent purchasers, greater focus will be on completing due diligence and site assessment activities before communities and/or innocent purchasers take title to brownfields properties. These investigations typically come when crucial time sensitive decisions need to be made, e.g., tax foreclosure and/or property takings by imminent domain. Time to develop and obtain approvals for work scopes and bid contractor work out may not be available under the EPA funding programs and historically state brownfields programs filled this gap and provided the necessary funding on a time critical schedule to complete the work.